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***Financial Report***  
***Thirty-Fourth Judicial District***  
***Indigent Defender Board***

***December 31, 2005***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-29-06

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December 31, 2005

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**FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Indigent Defender Board of the  
Thirty-Fourth Judicial District,  
Chalmette, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the general fund of the Thirty-Fourth Judicial District Indigent Defender Board (the Board), State of Louisiana, as of and for the year ended December 31, 2005, as listed in the table of contents. These statements are the responsibility of the Board's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Thirty-Fourth Judicial District Indigent Defender Board as of December 31, 2005, and the changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2006, on our consideration of the Thirty-Fourth Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 2, 2006.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Thirty-Fourth Judicial District Indigent Defender Board**

The Management's Discussion and Analysis of the Thirty-Fourth Judicial District Indigent Defender Board's (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended December 31, 2005. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Board's assets exceeded its liabilities at the close of the fiscal year by \$17,965 (net assets), which represent an 71.56% decrease from last fiscal year.

The Board's revenues decreased \$124,994 (or 40.09%) due to a decreased grant from the Louisiana Indigent Defender Board and less fees from the St. Bernard Parish Sheriff.

The Board's expenses decreased \$23,386 (or 9.16%).

The Board did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Board:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. The statement of activities presents information showing how the Board's net assets change during each fiscal year.

## **Government-wide Financial Statements (Continued)**

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Board is to provide legal defense to indigents.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Board are governmental funds.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Board adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 8 - 11 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit E of this report.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the Board's financial position. As of December 31, 2005, assets exceeded liabilities by \$17,965.

### **Condensed Statement of Net Assets**

	<u>December 31,</u>		<u>Dollar</u>
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Current and other assets	\$34,864	\$63,689	\$(28,825)
Capital assets	<u>-</u>	<u>1,848</u>	<u>(1,848)</u>
Total assets	<u>34,864</u>	<u>65,537</u>	<u>(30,673)</u>
Current liabilities	<u>16,899</u>	<u>2,358</u>	<u>14,541</u>
Total liabilities	<u>16,899</u>	<u>2,358</u>	<u>14,541</u>
Net Assets:			
Invested in capital assets	-	1,848	(1,848)
Unrestricted	<u>17,965</u>	<u>61,331</u>	<u>(43,366)</u>
Total net assets	<u>\$17,965</u>	<u>\$63,179</u>	<u>\$(45,214)</u>

## Governmental Activities

Governmental activities decreased the Board's net assets by \$45,214. Key elements of this decrease are:

### Condensed Change in Net Assets

	<u>December 31,</u>		<u>Dollar</u>	<u>Total %</u>
	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>Change</u>
Revenues:				
Service fees	\$ 72,869	\$135,645	\$ (62,776)	(46.28)%
Grant fees	113,211	175,151	(61,940)	35.36
Interest income	<u>705</u>	<u>983</u>	<u>(278)</u>	(28.28)
Total revenues	<u>186,785</u>	<u>311,779</u>	<u>(124,994)</u>	(40.09)
Expenses:				
General and governmental	<u>231,999</u>	<u>255,385</u>	<u>(23,386)</u>	(9.16)
Decrease in net assets	45,217	56,394	(11,177)	(19.82)
Net assets beginning of year	<u>63,179</u>	<u>6,785</u>	<u>56,394</u>	831.16
Net assets end of year	<u>\$ 17,965</u>	<u>\$ 63,179</u>	<u>\$ (45,214)</u>	(71.56)%

On Exhibit C, the Board's expenses fall into three (3) categories: materials and supplies, other services and charges, and depreciation. Of the three categories, other services and charges make up the majority of expenses. This category, which includes contractual payments to attorneys, is responsible for \$228,759, approximately ninety-nine percent (99%) of total expenses for the year ended December 31, 2005. Other categories of expenses account for one percent (1%) of total expenses for the year ended December 31, 2005.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## Governmental Funds

The focus of the Board's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Board's governmental fund, the General Fund, reported an ending fund balance of \$17,965, a decrease of \$43,366 in comparison with the prior year, which is available for spending at the Board's discretion.

## **General Fund Budgetary Highlights**

The budget was not amended during the year.

During the year, revenues were less than budgetary estimates and expenditures were less than budgetary estimates.

## **CAPITAL ASSETS**

### **Capital Assets**

The Board had no investment in capital assets for its governmental activities as of December 31, 2005. In the prior year the investment in capital assets included office furniture, fixtures and equipment (see table below).

	<u>2005</u>	<u>2004</u>
Office furniture, fixtures and equipment	<u>\$ -</u>	<u>\$1,848</u>

All capital assets were destroyed as of December 31, 2005 due to Hurricane Katrina, which flooded the entire St. Bernard Parish.

Additional information on the Board's capital assets can be found in the Note 4, Exhibit E, of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

No budget had been setup due to Katrina as of June 2, 2006.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Paul A. Tabary, III, Chairman of the Thirty-Fourth Judicial District Indigent Defender Board, 3510 North Causeway Boulevard, Suite 600, Metairie, LA 70002.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Thirty-Fourth Judicial District  
Indigent Defender Board**

December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 21,529	\$ -	\$ 21,529
Due from other governmental units	<u>13,335</u>	<u>-</u>	<u>13,335</u>
Total assets	<u><u>\$ 34,864</u></u>	<u>-</u>	<u>34,864</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	<u>\$ 16,899</u>		<u>16,899</u>
<b>Fund Balance / Net Assets</b>			
Fund balance - unreserved	<u>17,965</u>	<u>(17,965)</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 34,864</u></u>	<u>(17,965)</u>	<u>16,899</u>
Net assets:			
Unrestricted		<u>17,965</u>	<u>17,965</u>
Total net assets		<u><u>\$ 17,965</u></u>	<u><u>\$ 17,965</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Thirty-Fourth Judicial District  
Indigent Defender Board**

For the year ended December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit C)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Service fees:			
St. Bernard Parish Sheriff	\$ 71,525	\$ -	\$ 71,525
Office of the District Attorney of the Thirty-Fourth Judicial District	1,344	-	1,344
Grant fees:			
Louisiana Indigent Defender Board	113,211	-	113,211
Interest income	705	-	705
	<u>186,785</u>	<u>-</u>	<u>186,785</u>
Total revenues			
	<u>186,785</u>	<u>-</u>	<u>186,785</u>
<b>Expenditures</b>			
Current:			
General government:			
Materials and supplies	2,907	-	2,907
Other services and charges:			
Contractual services	221,086	-	221,086
Professional services	4,603	-	4,603
Office	1,555	-	1,555
Other	-	1,515	1,515
Depreciation	-	333	333
	<u>230,151</u>	<u>1,848</u>	<u>231,999</u>
Total general government			
	<u>230,151</u>	<u>1,848</u>	<u>231,999</u>
Total expenditures/expenses			
	<u>230,151</u>	<u>1,848</u>	<u>231,999</u>
<b>Deficiency of Revenues Over Expenditures</b>	(43,366)	43,366	-
<b>Change in Net Assets</b>	-	(45,214)	(45,214)
<b>Fund Balance</b>			
Beginning of year	61,331	1,848	63,179
End of year	<u>\$ 17,965</u>	<u>\$ -</u>	<u>\$ 17,965</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Thirty-Fourth Judicial District  
Indigent Defender Board**

For the year ended December 31, 2005

**Net Change in Fund Balance - Governmental Fund** **\$ (43,366)**

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	\$ -	
Depreciation expense	<u>(333)</u>	(333)

The net effect of various transactions involving capital assets,  
such as sales, trade-ins and dispositions, is to decrease  
net assets.

(1,515)

**Change in Net Assets of Governmental Activities** **\$ (45,214)**

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Thirty-Fourth Judicial District  
Indigent Defender Board**

For the year ended December 31, 2005

	<u>Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
Service fees:					
St. Bernard Parish Sheriff	\$ 174,838	\$ 71,525	\$ 8,464	\$ 79,989	\$ (94,849)
Office of the District Attorney of the Thirty-Fourth Judicial District	-	1,344	(1,344)	-	-
Grant fees:					
Louisiana Indigent Defender Board	65,000	113,211	-	113,211	48,211
Other intergovernmental revenue					
St. Bernard Parish Government Criminal Court Fund	24,760	-	-	-	(24,760)
Interest income	600	705	-	705	105
<b>Total revenues</b>	<u>265,198</u>	<u>186,785</u>	<u>7,120</u>	<u>193,905</u>	<u>(71,293)</u>
<b>Expenditures</b>					
Current:					
General Government:					
Materials and supplies	6,500	2,907	705	3,612	2,888
Other services and charges					
Contractual services	249,988	221,086	(14,346)	206,740	43,248
Professional services	5,200	4,603	(900)	3,703	1,497
Office	310	1,555	-	1,555	(1,245)
Seminars	1,200	-	-	-	1,200
Other	2,000	-	-	-	2,000
<b>Total general government</b>	<u>265,198</u>	<u>230,151</u>	<u>(14,541)</u>	<u>215,610</u>	<u>49,588</u>
<b>Total expenditures/expenses</b>	<u>265,198</u>	<u>230,151</u>	<u>(14,541)</u>	<u>215,610</u>	<u>49,588</u>
<b>Excess of Revenues Over Expenditures</b>	-	(43,366)	<u>\$ 21,661</u>	(21,705)	(21,705)
<b>Fund Balance</b>					
Beginning of year	61,354	61,331		61,354	-
End of year	<u>\$ 61,354</u>	<u>\$ 17,965</u>		<u>\$ 39,649</u>	<u>\$ (21,705)</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Thirty-Fourth Judicial District  
Indigent Defender Board**

December 31, 2005

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Thirty-Fourth Judicial District Indigent Defender Board (the Board), established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The judicial district encompasses St. Bernard Parish, Louisiana. The Board is composed of three members who are appointed by the district court. Revenues to finance the Board's operations are provided primarily from grants from the State of Louisiana Judicial Branch and court costs on fines imposed by the various courts within the district.

The accounting policies of the Board conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a. Reporting Entity**

The Board has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b. Basis of Presentation**

The Board's basic financial statements consist of the government-wide statements on all activities of the Board and the governmental fund financial statements.



**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Basis of Presentation (Continued)**

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Board. The government-wide presentation focuses primarily on the sustainability of the Board as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on major funds. The daily accounts and operations of the Board continue to be organized on the basis of a fund and accounts group, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that compromise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Board:

**General Fund**

The General Fund is the operating fund and is the only fund of the Board. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Court costs on fines and forfeitures imposed by the Board and city courts are recorded in the year they are collected by the tax collectors. Fees from indigents are recorded when available. Interest income on investments is recorded as revenue when the investments have matured and the income is available. Grant fees and miscellaneous revenues are recorded as revenues when received in cash by the Board because they are generally not measurable until actually received.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Measurement Focus and Basis of Accounting (Continued)**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e. Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The Board prepares its budget for the general fund on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The major difference between budget and GAAP basis in the General Fund is revenues are recognized when earned (GAAP basis) as opposed to collected (cash basis) and expenditures are recorded when incurred (GAAP basis) as opposed to paid (cash basis).

The General Fund Budget presentation is included in the financial statements.

**f. Accounts Receivable**

The financial statements for the Board contain no allowance for bad debts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Capital Assets**

The accounting treatment over equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Office furniture, fixtures and equipment	5 - 10 years
--	--------------

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**h. Vacation and Sick Leave**

The Board has no employees.

**i. Fund Equity**

**Government-wide Statements:**

Equity is classified as net assets and displayed in three components:

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Fund Equity (Continued)**

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2005 and for the year then ended, the Board did not have or receive restricted net assets.

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**j. New Accounting Pronouncements**

The Board had adopted GASB Statement No. 40, Deposits and Investment Risk Disclosures, an Amendment of GASB Statement No. 3. Statement No. 40 addresses disclosures of common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, such disclosures are included in Note 2. Adoption of Statement No. 40 does not affect the Board's financial position, or results of operations.

**Note 2 - DEPOSITS AND INVESTMENTS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

**Bank Deposits:**

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end bank balance is as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$21,881</u>	<u>\$21,529</u>

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board has a written policy for custodial credit risk. As of December 31, 2005, the Board's bank balance of \$21,881 was covered by federal deposit insurance and not exposed to custodial credit risk.

At December 31, 2005, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Board. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments:**

State statutes authorized the Board to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

The Board did not have any investments during the year ended December 31, 2005.

**Note 3 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2005, consisted of the following:

Office of the District Attorney of the Thirty-Fourth Judicial District	<u>\$13,335</u>
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The amount due from the Office of the District Attorney of the Thirty-Fourth District is for bond premium fees and bond forfeitures.

**Note 4 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1, <u>2005</u>	<u>Additions</u>	<u>Dispositions</u>	Balance December <u>31, 2005</u>
Capital assets being depreciated:				
Office furniture, fixtures and equipment	\$8,245	\$ -	\$(8,245)	\$ -
Less accumulated depreciation for:				
Office furniture, fixtures and equipment	<u>(6,397)</u>	<u>(333)</u>	<u>6,730</u>	<u>-</u>
Total capital assets, net	<u>\$ 1,848</u>	<u>\$ (333)</u>	<u>\$ 1,515</u>	<u>\$ -</u>

**Note 4 - CHANGES IN CAPITAL ASSETS (Continued)**

The Board removed all capital assets at December 31, 2005 which were destroyed in Hurricane Katrina.

**Note 5 - RISK MANAGEMENT**

The Board is self insured for what management believes to be minimal risks to loss related to torts; theft or, damage to and destruction of assets; errors and omissions; and natural disasters. No claims were made during the year.

**Note 6 - EXPENDITURES NOT INCLUDED IN ACCOMPANYING FINANCIAL STATEMENTS**

The accompanying financial statements do not include certain expenditures of the Board which are paid out of the funds of the St. Bernard Parish Government and other Governmental entities. These expenditures include rent, salaries and telephone expenditures of the Board.

**Note 7 - BOARD MEMBERS COMPENSATION**

Members of the Board served without compensation for the year ended December 31, 2005.

**Note 8 - HURRICANE KATRINA**

On August 29, 2005, St. Bernard Parish and the surrounding area suffered a natural disaster, Hurricane Katrina. The devastation to the area was severe and many public services were shut down totally. The offices of the Board were relocated to Jefferson Parish, where it is presently located. The effects of the storm were such that no revenues were received from the St. Bernard Parish Sheriff or the Louisiana Indigent Defender Board subsequent to August 2005. Management is not able to estimate the overall effects of the storm on the long term future operations of the Board at the present time.



**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Indigent Defender Board of the  
Thirty-Fourth Judicial District,  
Chalmette, Louisiana.

We have audited the financial statements of the governmental activities and the general fund of the Thirty-Fourth Judicial District Indigent Defender Board (the Board), State of Louisiana, as of and for the year ended December 31, 2005, and have issued our report thereon, dated June 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 03-1.

This report is intended for the information of the Thirty-Fourth Judicial District Indigent Defender Board, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revision Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 2, 2006.

## **SCHEDULE OF FINDINGS AND RESPONSES**

### **Thirty-Fourth Judicial District Indigent Defender Board**

For the year ended December 31, 2005

#### **Section I - Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?      \_\_\_ yes    X no
- Reportable condition(s) identified that are not  
considered to be material weakness      \_\_\_ yes    X none reported

Noncompliance material to financial statements noted?      \_\_\_ yes    X no

##### **b) Federal Awards**

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2005.

#### **Section II - Financial Statement Findings**

##### **Compliance**

**03-1 Criteria** - Louisiana Revised Statute 39:1301-1314 requires that the administrative officer shall advise the governing authority in writing when revenue collection plus projected revenue collections for the remainder of the year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more. Further, when the governing authority has received such notification, the governing authority shall adopt a budget amendment in the same manner as the original budget was adopted.

**Condition** - The District has actual revenues that fell short of budget by greater than the five percent allowed by law.

**Section II - Financial Statement Findings (Continued)**

**Compliance (Continued)**

**Questioned Costs** - None.

**Context** - This was an isolated instance.

**Effect** - The Board was not in compliance with the state law concerning budgeting.

**Cause** - The Board made an oversight of the state law affecting budgeting for local government entities. Actual revenues that fell short of the budgeted amounts were due to the effects of Hurricane Katrina on the area.

**Recommendation** - The Board should comply with the requirements of the Local Budget Act.

**Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical** - None.

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Thirty-Fourth Judicial District Indigent Defender Board**

For the year ended December 31, 2005

#### **Section I - Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

No material weaknesses were noted during the audit of the financial statements for the year ended December 31, 2004.

No reportable conditions were reported during the audit of the financial statements for the year ended December 31, 2004.

##### **Compliance**

No compliance findings material to the basic financial statements were noted during the audit of the financial statements for the year ended December 31, 2004.

#### **Section II - Internal Control and Compliance Material To Federal Awards**

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2004.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2004

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Thirty-Fourth Judicial District Indigent Defender Board**

For the year ended December 31, 2005

#### **Section I - Internal Control and Compliance Material to the Basic Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2005.

No reportable conditions were reported during the audit of the financial statements for the year ended December 31, 2005.

##### **Compliance**

**03-1 Recommendation** - The Board should comply with the amended budget requirements of the Local Budget Act.

**Management's Response** – Having been advised to all of the components of the Local Budget Act, the Board will comply fully with the Act in future budgets.

#### **Section II - Internal Control and Compliance Material To Federal Awards**

The Thirty-Fourth Judicial District Indigent Defender Board did not receive federal awards during the year ended December 31, 2005.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2005